

Accounts Fundamental Part 1

1. Mr.Customer purchased goods from Mr.Seller on credit. This is a/an

- A. Event
 - B. Transaction
 - C. Both (a) and (b)
 - D. None of the above
-

2. The first step of accountancy is

- A. Journal Entry
 - B. Ledger Posting
 - C. Balancing of Accounts
 - D. Trial Balance
-

3. Cash is an example of

- A. Personal Account
 - B. Real Account
 - C. Nominal Account
 - D. Both (a) and (b)
-

4. Net Realisable Value of an asset means

- A. The historical cost of the asset
 - B. Its sale value as on a particular date
 - C. Its written down value as on a particular date
 - D. None of the above
-

5. Transfer to General Reserve is a charge against

- A. Trading Account
 - B. Profit and Loss Account
 - C. Profit and Loss Appropriation Account
 - D. Balance Sheet
-

6. All indirect expenses are charged against

- A. Trading Account
 - B. Profit and Loss Account
 - C. Manufacturing Account
 - D. None of the above
-

7. The aggregate of direct material, direct labour and direct expenses is known as

- A. Product Cost
 - B. Manufacturing Cost
 - C. Prime Cost
 - D. Production Cost
-

8. A part of the profit distributed to the shareholders is known as

- A. Reserve & Surplus
 - B. Retained Earnings
 - C. Dividend
 - D. Net Profit
-

9. The cost of a machine is Rs.5,70,000. Its scrap value is Rs.25,000 and useful life is 10 years. The depreciation amount under Straight Line Method is

- A. Rs.57,000
 - B. Rs.59,500
 - C. Rs.54,500
 - D. Rs.50,000
-

10. The account which can never have a credit balance is

- A. Bank
-

- B. Cash
 - C. Debtor
 - D. Creditor
-

11. The short description of a transaction written at the end of a journal entry is known as _____.

- A. Summary
 - B. Narration
 - C. Memo
 - D. Info
-

12. The basic unit of measurement of the accounting system is _____.

- A. Money
 - B. Finance
 - C. Weight
 - D. None of the above
-

13. Business ventures, which are started for a predefined period, are known as _____ ventures

- A. Joint
 - B. Terminal
 - C. Treminable
 - D. Limited Period
-

14. Depreciation is not charged on _____.

- A. New assets
 - B. Land
 - C. Building
 - D. None of the above
-

15. Cash payments are recorded on the _____ of the Cash Book.

- A. Debit side
 - B. Credit side
 - C. Both sides
 - D. Any one side
-

16. All events are transactions but all transactions are not events.

- A. True
 - B. False
-

17. In Double Entry System of Book Keeping, the total of Debit balances may not be equal to the total of Credit balances, in certain situations, even if transactions are recorded correctly.

- A. True
 - B. False
-

18. Capital of the business is an example of external liability.

- A. True
 - B. False
-

19. If the totals of debit and credit columns of a Trial Balance are equal, it implies correctness of books of accounts.

- A. True
 - B. False
-

20. The accounts of a company may be maintained using Single Entry System of Book Keeping also.

- A. True
 - B. False
-

21. Arrange the steps of accounting in sequential order -

- (i) Trial Balance;
(ii) Journal Entry;
(iii) Balancing of Accounts;
(iv) Ledger Posting.
A. (i),(ii),(iii),(iv)
B. (ii),(iii),(iv),(i)
C. (ii),(iv),(i),(iii)
D. (ii),(iv),(iii),(i)
-

22. Which of the following events is not a transaction?
A. Mr. Employer paid salary of Rs.9,000 to Mr. Employee.
B. Rahul sold his bicycle to Rohan for Rs.600.
C. Abhijeet gifted a book, priced at Rs.800, to Amit.
D. None of the above.
-

23. Choose the odd one out
A. Wages
B. Stationery
C. Sales
D. Furniture
-

24. Copyright is an example of
A. Real Account
B. Asset
C. Intangible Asset
D. All of the above
-

25. Which of the following equation(s) is(are) true
A. $\text{Assets} = \text{Liabilities} + \text{Capital}$
B. $\text{Assets} - \text{Capital} = \text{Liabilities}$
C. Both (a) and (b)
D. None of the above
-

26. According to the Concept of Conservatism, an accountant should
A. Recognize all losses and anticipate no gains
B. Recognize all gains and anticipate no losses
C. Recognize and anticipate both gains and losses
D. Both (b) and (c)
-

27. Wages and Salaries is a charge against
A. Trading Account
B. Profit and Loss Account
C. Profit and Loss Appropriation Account
D. Balance Sheet
-

28. All credit sales are recorded in
A. Sales Day Book
B. Sales Credit Book
C. Sales Day Account
D. Sales Day Register
-

29. The cost of a machine is Rs.6,00,000. The rate of depreciation is 10%. The depreciation for the 3rd year, on diminishing balance method, is
A. Rs.60,000
B. Rs.54,000
C. Rs.48,600
D. Rs.43,740
-

30. The life span of a company is dependent on the life span of the

- A. Owner(s) of the company
 - B. Promoter of the company
 - C. Managing Director of the company
 - D. None of the above
-

31. WDV stands for

- A. Written Down Valuation
 - B. Write Down Value
 - C. Written Down Value
 - D. Writing Down Value
-

32. WIP stands for

- A. Working Progress
 - B. What-in-Progress
 - C. Work-in-Progress
 - D. Works-in-Progress
-

33. E. & O.E.

- A. Errors & Omissions Expected
 - B. Error & Omission Expected
 - C. Errors & Omissions Entered
 - D. Errors & Omissions Excepted
-

34. HUF stands for

- A. Hindu United Family
 - B. Hindi Undivided Family
 - C. Hindu Undivided Family
 - D. Hindu Uniform Family
-

35. An expense incurred to keep the machine in working condition is a capital expenditure.

- A. True
 - B. False
-

36. $\text{Capital} + \text{Long-term liabilities} = \text{Fixed Assets} + \text{Current Assets} + \text{Cash} - \text{Current Liabilities}$.

- A. True
 - B. False
-

37. Providing depreciation ensures sufficient cash for asset replacement.

- A. True
 - B. False
-

38. Bank Reconciliation statement is prepared to arrive at the Bank Balance.

- A. True
 - B. False
-

39. An expenditure intended to benefit the current period is revenue expenditure.

- A. True
 - B. False
-

40. Accrual concept implies accounting on cash basis.

- A. True
 - B. False
-

41. Depreciation cannot be provided in case of loss, in a financial year.

- A. True
B. False

42. Deferred Revenue Expenditure is current year's revenue expenditure to be paid in latter years.

- A. True
B. False

43. Fixed Assets are stated in the balance sheet at their market value.

- A. True
B. False

44. Contingent liability is an ascertained liability but its amount and due date are indeterminate.

- A. True
B. False

45. Expenditure, which result in acquisition of permanent assets, is a capital expenditure.

- A. True
B. False

46. Sale of Office Furniture should be credited to Sales Account.

- A. True
B. False

47. Trial Balance is prepared after the preparation of Profit and Loss Account.

- A. True
B. False

48. Any type of error affects the agreement of Trial Balance.

- A. True
B. False

49. The balance in the Cash Book represents net income.

- A. True
B. False

50. Goodwill is not a fictitious asset.

- A. True
B. False

Answer Sheet

1.	C	
2.	A	
3.	B	
4.	B	
5.	C	
6.	B	
7.	C	
8.	C	

Accounts Fundamental Part 1

9.	C	
10.	B	
11.	B	
12.	A	
13.	C	
14.	B	
15.	B	
16.	B	
17.	B	
18.	B	
19.	B	
20.	B	
21.	D	
22.	C	
23.	D	
24.	D	
25.	C	
26.	A	
27.	A	
28.	A	
29.	C	
30.	D	
31.	C	
32.	C	
33.	A	
34.	C	
35.	B	
36.	B	
37.	A	
38.	B	
39.	A	
40.	B	

Accounts Fundamental Part 1

41.	B	
42.	B	
43.	B	
44.	B	
45.	A	
46.	B	
47.	B	
48.	B	
49.	B	
50.	A	